



URS Funding Updates

Retirement and Independent Entities Committee

September 14, 2021



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1. Setting Contribution Rates

Sample Assumptions

Mortality Rate

Disability Rate

Payroll Growth

Assumed Investment Rate of Return



2. Tier 1 (T1) Statutory Funding

Dot Com Bubble / Change in Markets

High Water Mark

Tier 1 State and School: 19.42% – 22.19%



3. Rates - Fiscal Year 7/1/22–6/30/23

See Handouts

T1 Local Governments System (Funds 11 and 15) decrease 0.50%

T1 Certain PS and FF Systems (Funds 74, 76, 31, and 32) decrease 1%

T1 Judge's System (Fund 37) increase 0.38%

Tier 2 (T2) PS and FF System (Funds 122 and 132) increase 0.32%

4. Contribution Rate Management Plan

Summary of Contribution Rate Management Plan

| Funded Ratio (FR) on an AVA Basis | Maximum Effective Funding Period ¹ | Change in Actuarially Determined Contribution Rate | Margin in Contribution Rate ² | Decrease in Board Certified Contribution Rate |
|--------------------------------------|---|---|--|---|
| (1) | (2) | (3) | (4) | (5) |
| FR < 90% | ----- No Reduction in Contribution Rate ----- | | | N/A |
| 90% < FR < 95% | 13 Years | Decrease | > 2.00% | Max 0.50% |
| 95% < FR < 105% | 10 Years | Decrease | > 1.00% | Max 1.00% |
| 105% < FR < 110% | N/A | May not increase by more than 0.5% | N/A | Max 2.00% |
| 110% < FR | N/A | N/A | N/A | Maintain 110% FR |

¹ The maximum effective funding period must be maintained after the contribution rate is reduced.

² The contribution rate margin is the difference between the Board certified contribution rate and the actuarially determined contribution rate.



5. Impact of Lowered Assumed Rate

T2 Public Employee DB rate: 9.38% to 9.82%

Next review likely to push rate over 10%

Employee contributions required

Two-year window to review options